

## **ATTACHMENT 4**

### **The State Bar of California Retiree HealthCare Trust Investment Policy**

#### **I. Introduction**

This policy governs the investment of the assets held in trust for the Retiree Health Care Plan (Plan).

The purpose of this statement is to outline a general framework within which the Administrator of the trust (Administrator) and Trustee of the trust (Trustee) are expected to exercise investment judgment and to structure the portfolio mix. The statement also provides a basis on which the investment performance of the Plan is to be monitored.

#### **II. The Trust**

The State Bar of California makes contributions to the Trust for the purpose of paying the Bar's retiree healthcare obligations.

#### **III. Investment Policies and Objectives**

The Administrator shall direct the investment of the Trust. In so doing, the Administrator may employ the services of one or more investment managers.

The objective of the Administrator in the investment of the Bar contributions is to minimize risk and achieve growth in the principal value of the Trust so that the purchasing power of such value is maintained with respect to the rate of inflation.

The basic investment strategy for the Trust shall be to achieve the objectives set forth for each investment category through the prudent diversification of assets.

Cash and Short-Term Investments. These investments are to be maintained in order to enable the Plan to take advantage of worthwhile investment opportunities while maintaining liquidity. This portion of the portfolio will consist of investments such as the family of Fidelity Investments money market Funds.

Fixed Income Investments. The investment objective of long-term fixed income investments is to maintain dollar principal in relatively liquid form while achieving a rate of return over a market cycle comparable to bond indexes such as the Shearson Lehman Government/Corporate Bond Index.

Equity Investments. The objective of equity investments is to achieve a comparable rate of return over a market cycle to indexes such as the S&P 500 index.

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### Diversification of Portfolio.

The portfolio will be maintained to achieve prudent diversification to guard against inflation, market volatility and illiquidity.

#### **IV. Reporting and Performance Evaluation**

The Trustee shall issue an annual report to Board of Governors to review the progress and performance of the Plan investment.

The Plan's performance will be monitored at least annually. The performance of the portfolio shall be reviewed relative to the objectives and guidelines described herein and reported to the Board. Investment performance shall be measured on the basis of total return, and will be evaluated in conjunction with the portfolio's comparable indexes.

#### **V. All investments are to be made in the prudent manner for the benefit of plan participants and beneficiaries.**